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How one boss lowered prices, raised wages and made sales zoom

By MURRAY TEIGH BLOOM

The silliest thing has happened. Britain's most successful chain of stores, noted for its efficiency in record-keeping, began tossing records out the window. It decided that people were smarter than machines, that clerks could be trusted, that the public was basically honest. In one year it eliminated 26,000,000 forms (weighing 120 tons) with these results:

- 1—Prices, already among the nation's lowest, were cut 15 per cent.
- 2—Wages, already above average, were upped considerably.
- 3—Sales, already good, zoomed.

American business (even the U. S. Air Force) has become vitally interested in this revolt against paper work, about which a British advertiser wrote the *London Times*: "They have put a premium on that perception and adaptable instrument, the human brain. This would appear to be the greatest single technical advance in the last 25 years."

It all happened to Marks & Spencer, a 237-store chain that covers the British Isles. In 1961 these green-and-gold-fronted stores will sell about a half billion dollars' worth of clothing, baked goods and fresh fruit. About 7,000,000 customers go through the stores every week, a sixth of the total British population. The Marks & Spencer store near London's Marble Arch takes in more money for every foot of floor space than any other shop or store of any kind in the world.

The new Marksian revolution got started by accident in 1957. One winter Saturday Sir Simon Marks, 72, multimillionaire head of the firm, visited his Reading store, 35 miles west of London. On this busy Saturday Sir Simon found two salesgirls working overtime completing "catalogue cards" on goods the store carried. Sir Simon knew that a million of these cards were filled out and filed every year as a means of keeping track of the stock on hand. But for the first time he wondered why his stores needed these cards in the first place. Before long, he and his aides came up with a much easier and more direct method of keeping track of goods in each branch store, and out the window went a million catalogue cards.

Having gotten his first, heady taste of greatly saved labor and costs through elimination of needless paper, Sir Simon and his aides now began to think seriously of all the accumulated practices and systems they had been using out of custom and tradition.

"Tell me," Sir Simon said one day, "why do we have time clocks in our main offices and all our branch stores? None of our employees are paid on an hourly basis."

A director cleared his throat: "Why, to keep track of our employees, to make sure they put in a full day, of course."

The boss shook his head gently. "Don't you trust our supervisors? Don't they know who's putting in a good day's work and who isn't?"

In a week the hundreds of time clocks in the Marks & Spencer empire were sold. Punctuality actually improved and the firm was able to shuck a million time cards.

Now Sir Simon moved on to another delicate area in employer-employee relations in large stores—the stockroom. When he wondered out loud why the stockroom had to be kept guarded, a blunt director said: "Thefts by employees. It's only a tiny minority. But we have to protect ourselves against them."

"In short," Sir Simon replied, "because among our 26,000 employees we have a few who might pilfer, we have to put on a guard every one of them in a shop. That makes no sense at all."

Within a week every one of the hundreds of stockrooms were opened wide. When salesgirls needed an item, they simply went to the stockroom to get it; and they didn't even have to make out any withdrawal forms. Pilferage—politely called "inventory losses" in most stores—was no worse than before. And millions of forms were no longer necessary.

But the stockrooms kept challenging Sir Simon. He knew that piles of forms and charts and records were based on the floating stockroom supply. Every last pair of nylon, of men's undershirts, of children's dresses, had to be listed and recorded so that stores knew exactly how much to reorder, so

that the head office buyer knew how much to purchase. The data was fed into punch-card machines which supplied all the necessary information at considerable cost.

Sir Simon conducted a little test. He asked several store managers to go into their stockrooms, take a casual look and give him their estimates of how much they had left of certain goods. The approximations were remarkably close to the actual counts. Then and there a policy of "sensible approximation" was born. Several more millions of forms were no longer necessary.

Sir Simon formed a committee of eight to examine the firm's total paper work from petty cash voucher to annual report. The 237 store managers were called to London in small groups to offer their ideas on what forms could be eliminated. As one of the committee men put it later: "We'd ask ourselves: If we didn't have this form would the whole business collapse?" Before the year was out Marks & Spencer was safely able to eliminate 26,000,000 forms, weighing 120 tons.

In London recently, the Marks & Spencer sales promotion director, J. S. Spigel, told me a little apologetically:

"I know this makes us sound as if we were paper-happy before the revolution but actually management experts considered us one of the most efficient organizations in Great Britain. You can imagine what the situation is in other, less efficient, firms."

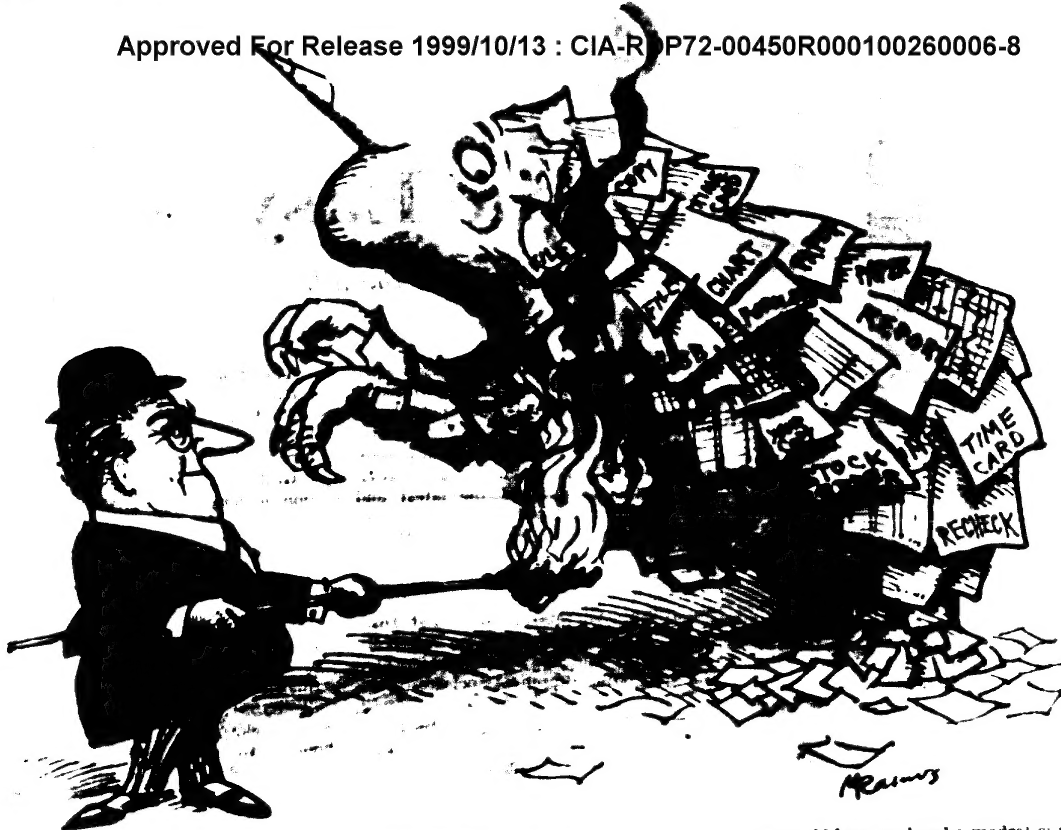
From the start Sir Simon made it clear that no one would be fired as a result of the revolution, even the staggering paper elimination it possible to eliminate 8,000 jobs of 26,000. Since most of its employees were married and many of them were women or have children, a natural turnover. Marks simply stopped replacing left. Others were re-trained jobs within the company.

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when the salesgirls were overwhelmed by customers and the stockroom girls had little or nothing to do, and vice versa. Did this make sense?

The old categories for sales and stockroom employees were abolished. Clerical help pitched in behind the sales counter during rush periods. Everyone now became "General Staff" and was trained as an all-around clerk in any part of the store. The savings included responsibilities were soon reflected in wages, already above average, which were raised considerably. And prices, already among Britain's lowest, were cut 18 per cent.

There used to be three luncheon shifts to accommodate employees in the M&S employee lunchrooms, meticulously clean places where the company subsidized tasty, inexpensive meals. A manager with a stop watch used to ring the lunch bell twice for each shift: first to warn the shift to get ready, then to have the shift clear out. "It was ridiculous," Sir Simon concluded after observing the procedure. "Can't we assume that our employees know how long they can spend here?" Accordingly, the bells were discarded.

Employees are teamed. Employees don't go to lunch until the rest of the team, Employee B, has arrived. They can make their own decisions as to which team to eat with. At the larger stores the employees can have their hair styled in beauty parlors while a beautician is brought to them. "If we can't help us save time, we can't help us do as much as we can," Sir Simon said. "The revolution is under way. Several M&S executives got the same thought simultane-

ously: the company's whole expensive armory of paper safeguards and controls was based on the assumption that unless carefully watched everything would go wrong. "That's stupid," one of them said. "About 99% of the time everything goes right. Why do we have to make expensive assumptions that everything will go wrong if it doesn't?"

They threw out thousands of copies of the 13 thick operation manuals, the company "bibles." These continually revised volumes covered every conceivable—and several inconceivable—possibilities. Instead managers were told to use their common sense and not worry about what Rule 167, Paragraph B, Subdivision IV said. As a result the company was able to stop printing 120,000 expensive pages every year and eliminated the need for a sizeable staff of editors and writers.

If the management could trust the staff to use common sense, why couldn't they equally trust their customers? The M&S stores stopped giving receipts to customers. Each store promptly refunds or exchanges unsatisfactory goods, no matter in which branch the merchandise was bought. And, of course, there are no forms to be filled out. (Returns did not increase.)

Another hallowed big business idea—buy standard supplies in large quantities and save a lot of money—underwent re-examination. In one branch store, M&S found a three-year supply of toilet paper, a two-year supply of floor cleaner. All the savings that resulted from bulk buying were being lost many times over by the dead use of valuable space.

Result, a new method—each man-

ager could keep on hand a modest supply of cleaning and office supplies. If he ran short he could pick up what he needed in neighborhood stores.

In the United States, the Marks & Spencer revolution has been noted and studied by a new and growing American profession, the paperwork and records managers. One of the most experienced in this new field is Robert A. Shift, head of the National Records Management Council. He told me that no American firm had yet achieved the incredible degree of paper elimination won by Marks & Spencer but that several firms were taking important steps in the right direction. For example, time clocks have been eliminated for all clerical employees at Procter & Gamble and the Chrysler Corporation. The Richfield Oil Company was able to get rid of two-fifths of all its records and cut down expenditures for new file cabinets from \$20,000 to \$5,000 a year. CBS was able to eliminate 15,000,000 pieces of filed paper.

"Most of our corporations need similar revolutions," Mr. Shift told me. "The electronic machines in offices do not reduce or eliminate the basic paper work problem. Instead they are creating many more paper records that have to be read and filed, just as we are beginning to discover an actual shortage of filing clerks and stenographers all over the country."

"Today the U. S. is spending about \$12 billion a year to maintain records. Obviously a lot of these records should never have been started, let alone maintained."

"The Marks & Spencer revolution has shown many American firms that it is time to question many traditional business practices concerning paper work and employees."